

CHAPTER NO. 963

HOUSE BILL NO. 1059

By Representatives Brown, Larry Turner

Substituted for: Senate Bill No. 1151

By Senators Crutchfield

AN ACT to amend Tennessee Code Annotated, Title 47, Chapter 18, relative to loans secured by owner-occupied residences.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 18, Part 24, is amended by adding the following as a new section:

Section 47-18-2404. (a)(1) Any solicitation to lend money to a person for the consolidation or payment of other indebtedness which will result in that person's owner-occupied residence becoming collateral or security for the loan or payment of money shall clearly state, in boldface type at least as large as any used in the solicitation otherwise, or by a separate clearly stated written notice, in boldface type at least ten (10) points, the following:

(A) Failure to make timely payments or to repay the loan will result in the borrower's home being subject to foreclosure.

(B) Additional information on debt consolidation loans is available from the Tennessee Department of Commerce & Insurance, Division of Consumer Affairs at 1-800-342-8385.

(2) Such solicitation shall, in like manner, state either one of the following, as appropriate:

(A) It is the obligation of the lender to make payments to prior lenders; or

(B) It is the obligation of the borrower to make payments to prior lenders.

(b) The provisions of this section shall apply to all solicitations, whether made through the mails, in person, by telephone, fax, or electronically, or through any other agency or medium to a resident of Tennessee. If the solicitation is made in person or by telephone, then the person making the solicitation shall clearly express the notices and obligations required to be given under the provisions of subsection (a)(1) and (2).

(c) Failure to comply with the provisions of this section shall subject the lender to damages up to three (3) times the amount of actual damages pursuant to §47-18-109.

(d) The notices and obligations described in subsection (a) shall be clearly expressed in any debt consolidation contract or loan agreement consolidating such loans, in boldface type of at least ten (10) points, in immediate proximity to the space reserved for the signature of the borrower.

(e) The provisions of this section shall not apply to any state or national bank, credit union, savings and loan, or to any subsidiary or affiliate of any such state or national bank, credit union, savings and loan or any person or entity licensed by or subject to regulation by the Department of Financial Institutions.

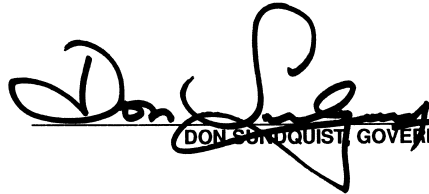
SECTION 2. This act shall take effect July 1, 2000, the public welfare requiring it.

PASSED: June 9, 2000


JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 21st day of June 2000


DON SUNDQUIST, GOVERNOR